

Testimony of Eric W. Gjede
Assistant Counsel, CBIA
Before the Committee on Labor and Public Employees
Hartford, CT
January 29, 2015

Testifying in support (with modifications) of:
HB 5210 AAC Eligibility For Unemployment Benefits and Seasonal Agricultural Business, and
HB 5265 AAC Minimum Longevity Requirements for Unemployment Benefits

Good afternoon Senator Winfield, Representative Tercyak, Senator Hwang, Representative Rutigliano and members of the Labor and Public Employees Committee. My name is Eric Gjede and I am assistant counsel at the Connecticut Business and Industry Association (CBIA), which represents more than 10,000 large and small companies throughout the state of Connecticut.

CBIA supports the intent of both HB 5210 and HB 5265. However, neither bill goes far enough in making the reforms other states have made to ensure the solvency of their unemployment trust funds.

HB 5210 attempts to address a serious inequity in the unemployment compensation system as it pertains to seasonal workers. When the labor department determines the benefits owed a claimant, they base it on the claimant's two highest of the last four wage quarters. This method of computation result in situations where a seasonal worker making \$30,000 over two quarters gets the same weekly unemployment benefit as a full year employee making \$60,000 over four quarters. Not only is this bad economic policy, but it is very expensive for seasonal businesses. To stop this inequity, 16 states take into account the wages earned throughout the full four quarter base period. Connecticut should as well.

HB 6265 would require an employee to be employed for 30 days before becoming eligible for unemployment benefits. Essentially, it changes the current earnings threshold to qualify for benefits (\$600) to a "time worked" threshold to qualify for benefit. This bill brings to light Connecticut's dangerous reluctance to modernize the eligibility requirement to qualify for unemployment benefits. In fact, our current earnings threshold has not been changed since 1982. CBIA proposes you increase the earnings threshold to \$2,000, which puts us on par with the 32 other states in this country that have thresholds between \$2,000 and \$5,000.

We encourage the committee to adopt the following five unemployment compensation reforms:

- 1. Require claimants to wait a week before receiving unemployment benefits.**
- 2. Raise the minimum earnings to qualify for unemployment benefits to \$2,000.**

3. Require claimants to post their resume online as a condition to receiving benefits after six consecutive weeks.

4. Base benefits on an employee's annual salary, rather than two highest quarters, to avoid unfairly rewarding seasonal workers.

5. Freeze the maximum weekly benefit rate for three years.

We urge this committee to make the long-overdue benefit reforms needed to not only keep Connecticut businesses competitive, but also to ensure the solvency of the unemployment trust fund for future generations.